

Syllabus for “Airline Economics” Class

ECON 496-08 Special Topics – Airline Economics

Instructor: B. Ben Baldanza

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Virtual Office Hours: TBD

Course Description: This course outlines the economic underpinnings of the commercial airline business. Running a successful airline often means dealing with many fundamental economic concepts that drive many decisions: where to fly, when to fly, with what airplanes, at what price, with what labor, within what regulations, within a competitive framework. The airline industry lends itself well to the direct application of economic theory, and students will gain an appreciation for the complexity and economic basis for most key airline decisions.

Course Objectives and Learning Outcomes: During this course, students will learn the ways that economics drive key airline decisions and demonstrate this in multiple ways.

Prerequisites: An understanding of the concepts taught in initial courses on Micro and Macro Economic theory is expected. Enjoyment of “Freakonomics” not necessary but will increase enjoyment of the course.

Required Reading: There is no text that adequately covers the materials that will be addressed in this course. Required readings will be distributed throughout the course and understanding the content of these is expected. These will be supplied via Blackboard or in hard copy.

Schedule and Participation: The class is offered in the Fall 2016 semester, on Thursday evenings from 7:20pm – 10:00 pm. There will be 14 classes. The classes will incorporate a variety of learning opportunities including:

- Class lectures
- Seven problem sets. Problem sets consist of questions to research and answer, and projects for students to complete on their own time. Active class discussion of the problem sets will take place in the class, including student presentations. Each problem set will be worth 7% of the final grade
- Six guest speakers to give real world stories of issues we are discussing in the classroom. Speakers will augment the issues being discussed in class and will use approximately one hour of the class time. Q&A is encouraged.

- Five case studies of real airline situations with students' ability to decide how they would react. These will be simplified "Harvard Business School" style cases, with specific issues and data given. Students will be expected to draft their approach to solving the issue presented, using data given and outside research. Cases will be worked on in small groups, and the groups will present their results to the class. Each case and its presentation will be worth 6% of the final grade.
- Students may be asked to share insights on their own airline experiences.
- In-class group activities will be used to reinforce concepts and provide interesting challenges

Participation in classes is expected as is completing the readings, problem sets, and cases. Arrangements will be made to ensure that all materials are available for students who must miss a class, but active participation in the class is part of the learning process.

Grading: Grading for the class will be based on completion of the problem sets (49%), the cases (30%), class engagement and participation (11%), and a final in-class project (10%).

University Policies and Information:

Academic Integrity: Faculty in Economics have zero tolerance for academic dishonesty and will strictly enforce Mason's honor code.

Disabilities: If you are a student with a disability and you need academic accommodations, please contact me and the Disability Resource Center (DRC) at (703) 993-2474. All academic accommodations must be arranged through the DRC.

Email: Mason uses only Mason email accounts to communicate with enrolled students. Students must activate their Mason email account, use it to communicate with their department and other administrative units, and check it regularly for important university information including messages related to this class.

University Catalog, <http://catalog.gmu.edu>, is the central resource for university policies affecting student, faculty, and staff conduct in university academic affairs. Other policies are available at <http://universitypolicy.gmu.edu/>. All members of the university community are responsible for knowing and following established policies.

Late Work: The deadlines for the learning activities, problem sets, and case studies are strict and extensions will not be permitted in the absence of a genuine emergency or documented illness. A late submission will be considered for partial credit.

Syllabus and Course Changes: The syllabus is a general plan for the course. Deviations may be necessary and will be announced by me. This syllabus is not a contract and is subject to change at the sole discretion of the instructor.

Course Outline: (depending on availability of speakers, order may change)

Week 1: Airline industry structure, basic economic structure
Week 2: Economic airline metrics and their limits
Week 3: Demand forecasting and flight scheduling
Week 4: Pricing and Ancillary pricing
Week 5: Yield Management
Week 6: Airport economics and the relationship with airlines
Week 7: Aircraft Fleet Economics
Week 8: Airline Distribution and Frequent Flier Economics
Week 9: Economics of “customer service”
Week 10: Airline Labor Economics
Week 11: Airline Cost Structures
Week 12: Economic impact of governmental regulations
Week 13: International Issues and Airline Alliances
Week 14: Final Project